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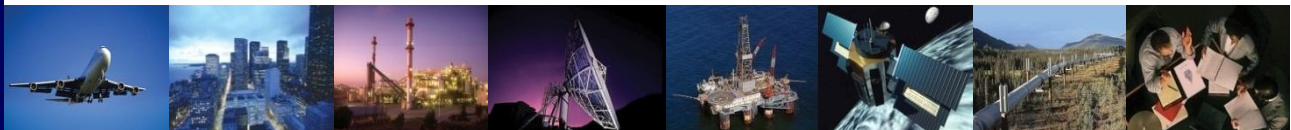
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PRIME STORY

Energy Audit – Full of Energy - I

Prelude:-

Today, Energy has become a key factor in deciding the product cost at micro level as well as in dictating the inflation and the debt burden at the macro level. Energy cost is a significant factor in economic activity. On par with factors of production like capital, land and labour. The imperatives of an energy shortage situation calls for energy conservation measure, which essentially mean using less energy for the same level of activity.

India has the energy saving potential of around 20,000 MW; of which saving potential in national Capital Delhi is around 760 MW as per the research done by the World Resources Institute.

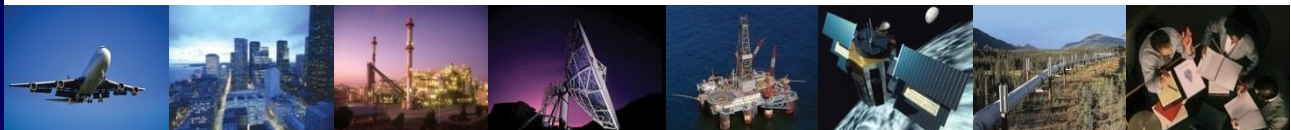
The term “Energy Audit” is commonly used to describe a wide variety of energy – related functions. It ranges from a simple and inexpensive process to one of high complexity, involving detailed data analysis of simulated energy use, along with micro-economic numbers.

Around the world, energy cost forms a significant part of operational costs, as high as 30 % in process industries. Technological changes have also forced organisations to re-look at energy management. Today, with increasing overheads and shrinking profit margins, there is an urgency to optimize energy cost and utilization Energy efficiency and conservation is a high priority area for industries. By and large, there is around 10 – 30% energy saving potential in industries.

Energy Efficiency Audits help industry reduce energy costs that normally account for 14 to 22 % of production costs, besides the benefits of reducing pollution and early preventive maintenance. The plant Audits can optimize operational costs through innovative energy efficient solutions that offer quick paybacks, improve productivity and bring down product costs (cost optimization & utilization).

Energy Audit endeavours to balance the total energy inputs with its use and serves to identify all the energy streams in the systems and quantify energy usage according to its discrete function.

Energy Audit helps in energy cost optimization, pollution control, safety aspects and suggests the methods to improve the operating and maintenance practices of the system. It is instrumental in coping with the situation of variation in energy cost availability,





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reliability of energy supply, decision on appropriate energy mix, decision on using improved energy conservation equipments, instrumentation and technology.

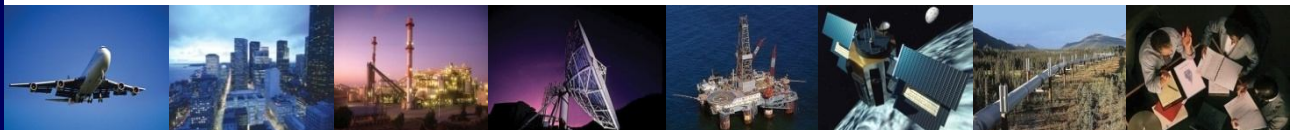
The requirement and selection of energy efficient systems can be determined through Energy Audits, which involve a thorough evaluation through inspection, survey and analysis of energy usage in an industrial unit for reducing the usage of energy without affecting the output of the business. The purpose of Energy Audits is to provide assistance in identifying energy cost optimization, pollution control, improvements in Safety Health & Environment (SHE) aspects and improvements in operations and maintenance systems.

Energy Audits can be performed on all facility types and may include the entire facility or be limited to targeted areas of the facility, specific equipment or isolated processes / systems. All utility services – electric, gas / oil, water, sewage / waste disposal and steam – can be part of an Audit, which may also include environmental impact parameters, particularly consideration of refrigerants, boiler emissions, fuel storage and chemical process applications.

Significant cost effective energy-efficiency improvement opportunities exist in the industrial sector. Industrial plants are not always aware of energy-efficiency improvement potentials. Conducting an Energy Audit is one of the first steps in identifying these potentials. Many plants do not have the capacity to conduct an effective Energy Audit. In some countries, Government policies and Industry Association programmes aim to assist industry to improve competitiveness through increased energy efficiency. However, usually only limited technical and financial resources for improving energy efficiency are available, especially for Small and Medium-sized Enterprises (SMEs). There is lack of information and awareness on energy auditing and practices in industrial plants.

The key elements for an Energy Audit entail :-

- i. conducting an inventory and measuring energy use,
- ii. analyzing energy bills,
- iii. benchmarking,
- iv. analyzing energy use patterns,
- v. identifying energy-efficiency opportunities,
- vi. conducting cost-benefit analysis,
- vii. preparing energy audit reports, and
- viii. undertaking post-audit activities. A well-structured and effective Energy Audit needs to be conducted in the plant.





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Energy Audits assist industrial companies or facilities in understanding how they use energy and help to identify the areas where waste occurs and where opportunities for improvement exist. Certain steps can be easily followed even by those who have not previously conducted Energy Audits. These steps are developed in a manner that can be used by both in-house Auditors who are auditing their own plant and outside Consultants who are hired to do an Energy Audit.

Introduction to Industrial Energy Auditing :-

An Energy Audit is a key to assessing the energy performance of an industrial plant and for developing an energy management programme. The typical steps of an Energy Audit are:

- preparation and planning
- data collection and review
- plant surveys and system measurements
- observation and review of operating practices
- data documentation and analysis
- reporting of the results and recommendations

Definition of Energy Auditing :-

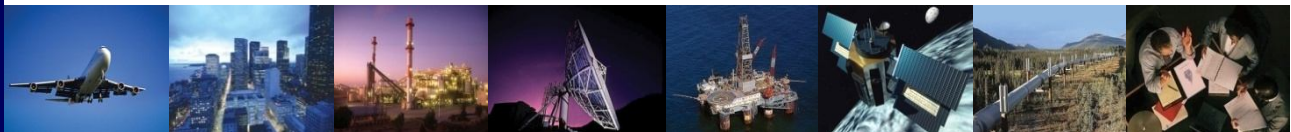
- (i) A generic Definition – A systematic, documented verification process of objectively obtaining and evaluating Energy Audit evidence, in conformance with Energy Audit criteria for results.
- (ii) In the Indian Energy Conservation Act of 2001, an Energy Audit is defined as:

"The verification, monitoring and analysis of the use of energy and submission of technical report containing recommendations for improving energy efficiency with cost-benefit analysis and an action plan to reduce energy consumption."

In some countries like the U.S., the term “Energy Assessment” is used for “Energy Audit.”

Objectives :-

The objectives of an Energy Audit can vary from one plant to another. However, an Energy Audit is usually conducted to understand how energy is used within the plant and to find opportunities for improvement and energy saving. Sometimes, Energy Audits are conducted to evaluate the effectiveness of an energy efficiency project or programme.





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Types of Energy Audits :-

The type of industrial Energy Audit conducted depends on the function, size, and type of the industry, the depth to which the Audit is needed, and the potential and magnitude of energy savings and cost reduction desired. Based on these criteria, an industrial Energy Audit can be classified into two types: a preliminary Audit (walk-through Audit) and a detailed Audit (diagnostic Audit).

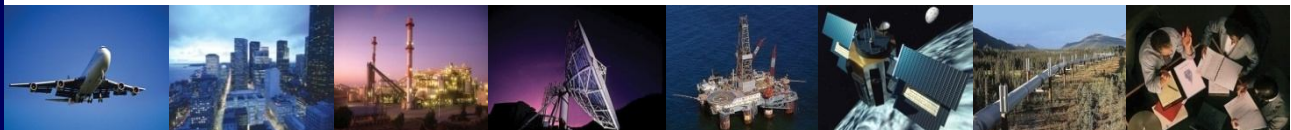
a) Preliminary Audit (Walk-through Audit)

In a preliminary Energy Audit, readily-available data are mostly used for a simple analysis of energy use and performance of the plant. This type of Audit does not require a lot of measurement and data collection. These Audits take a relatively short time and the results are by and large general, providing common opportunities for energy efficiency. The economic analysis is typically limited to calculation of the simple payback period, or the time required paying back the initial capital investment through realized energy savings.

b) Detailed Audit (Diagnostic Audit)

For detailed (or diagnostic) Energy Audits, more detailed data and information are required. Measurements and a data inventory are usually conducted and different energy systems (pump, fan, compressed air, steam, process heating, etc.) are assessed in detail. Hence, the time required for this type of Audit is longer than that of preliminary Audits. The results of these Audits are more comprehensive and useful, since they give a more accurate picture of the energy performance of the plant and more specific recommendation for improvements. The economic analysis conducted for the efficiency measures recommended typically go beyond the simple payback period and usually include the calculation of an Internal Rate of Return (IRR), Net Present Value (NPV), and often also Life Cycle Cost (LCC).

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NATIONAL NON LIFE

Temples get insured

Many Indian insurers are planning to provide insurance cover for temples in the country. The insurance would cover the losses that occur due to flood, fire, earthquake, theft of idols, ornaments, hundi, crowns and golden covering on domes. In case of the devastating flood in Uttarakhand, insurers say that none of the temples have a comprehensive Insurance Policy that would cover the cash offerings, gold and other precious metal ornaments on the idol. Insurance covers exist for Tirupati, Shirdi, SriKalahasti (or the Rahu Ketu temple near Tirupati), Guruvayur temple (Kerala), Kanaka Durga temple (Vijayawada) and Golden temple at Amritsar.

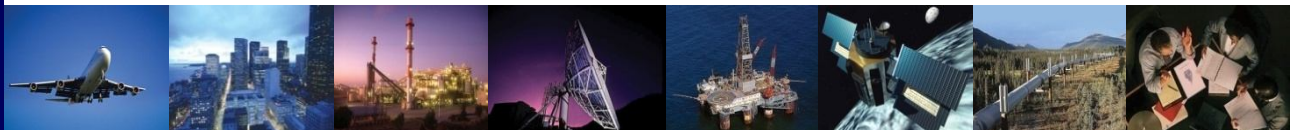
Exporter to disclose default within stipulated time: Supreme Court

The Supreme Court of India has held that an exporter insured by the state-owned Export Credit Guarantee Corporation (ECGC) cannot make a claim under the Insurance Policy, if he has failed to disclose default in payment by a foreign buyer within the stipulated time. Citing its previous Judgments in the case of Export Credit Corpn vs Garg Sons International, the apex Court said ".since upon issuance of an Insurance Policy, the Insurer undertakes to indemnify the loss suffered by the Insured on account of risks covered by the Policy, its terms have to be strictly construed in order to determine the extent of the liability of the insurer."

In this case, M/s Garg Sons International had in March 1995 purchased a Policy from ECGC for insuring a shipment to Natural Selection Co of UK.

After the buyer committed default in making payments, the exporter sought enhancement of Credit Limit to INR 5 million (USD 81000). Subsequently, he presented 17 claims, which the Insurer rejected on the ground that the exporter failed to ensure compliance with the Insurance Agreement, which stipulated 30 days within which the Insurer is to be informed about any default committed by a foreign importer. But the exporter declared only two shipments in due time as per Policy.

Garg Sons then filed several complaints before the State Consumer Court, which in June 2001 directed the Insurer to make various payments due under different claims with 9% interest and litigation expenses, etc. The National Consumer Disputes Redressal Commission also rejected 11 claims, but accepted only 5 claims made by the Insured. Both the parties filed cross-appeals in the Supreme Court, which allowed the exporter's claim only in two shipments where the intimation was given.





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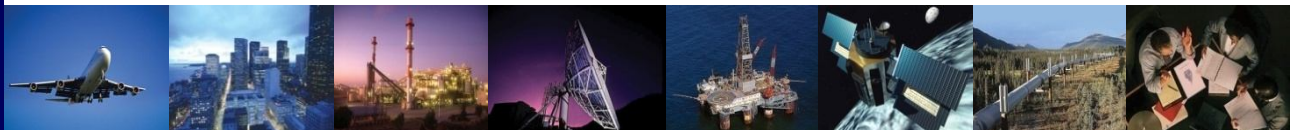
NATIONAL LIFE

ETF as an investment product

The Insurance Regulatory and Development Authority (IRDA) will soon notify the proposed Central public sector Enterprises – exchange Traded Fund as an investment product for insurers. This move will allow the Government to tap into the huge resources of insurers and ensure long term investments through ETF mode.

Claim settlement procedures unsatisfactory

Every 4 out of 9 policy holders have faced problems with their health insurance providers and Third Party Administrators (TPAs) at the time of getting their claims approved, a study conducted by consumer rights organisation Consumer Voice has found. Out of this, most complaints were related to delay in authorising claims.





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INTERNATIONAL

Asia - Nat CATs

While Nat CATs in the Asia-Pacific caused overall economic losses of US\$ 12.5 billion, insured losses amounted to a mere US\$ 1.6 billion for the first half of the year, says Munich Re. The most severe events to hit the region were floods, with Cyclone Oswald in Australia alone accounting for nearly US\$ 1 billion in insured losses. The event with the severest consequences in humanitarian terms was the disaster caused by flash floods in North India and Nepal as a result of exceptionally early and extremely heavy monsoon rains. Hundreds of roads and bridges were washed away, and over 5,000 people were killed.

Europe - Respect 'Freedom of Choice' for Cat Coverage

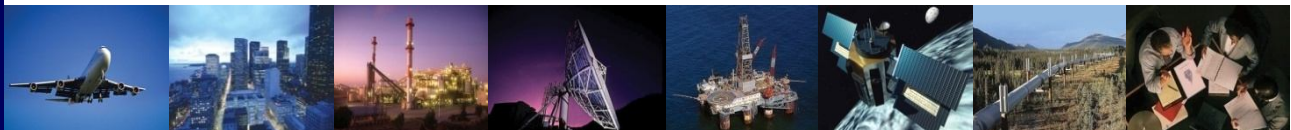
The Federation of European Risk Management Associations (FERMA) announced that it has told the European Commission that “any new insurance solutions for catastrophe risks should be market based and respect freedom of choice for Company insurance buyers.” FERMA made the comment in its response to the European Commission’s [EC] green paper on natural and man-made disasters.

Global : Regulation ranks as top risk

New regulations introduced at the international and local levels are seen as the greatest risk to the insurance sector, according to a new report from PricewaterhouseCoopers and the Centre for the Study of Financial Innovation. New rules around solvency and market conduct could “swamp the industry with costs and compliance problems,” according to the 2013 Insurance Banana Skins Survey, which polled about 600 insurance practitioners and industry observers in 54 countries to find out where they saw the greatest risks over the next two to three years. The European Union’s Solvency II Directive is the major concern in terms of regulation, according to the report, especially as many non-EU countries are waiting on the outcome before they finalize their own regulatory plans. Uncertainty around the state of financial markets and the world economy were the No. 2 and No. 3 concerns among those surveyed. Risks around business practices, another area of regulatory scrutiny, and the risk natural catastrophes pose to the industry rounded out the top five concerns.

Global: High taxes regarded number one risk - Lloyd's

High taxation is now seen as the topmost threat to global business, says the third Lloyd's Risk Index. Executives are focusing on more pressing problems including cyber-attacks and increased material costs, rather than longer-term strategic decisions, says the survey. High taxation has leapt up the Risk Index ranking from 13th to 1st place in the last two years since the survey was previously carried out.





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Global: Flooding accounts for almost half worldwide losses

A series of natural catastrophes in the first half of 2013 have caused damage totalling around USD 45 billion, with USD 13 billion insured losses worldwide, according to Munich Re. The reinsurer said 47% of overall global losses and 45% of insured losses had been caused by inland flooding that had struck parts of Asia, Canada and Australia, in addition to Europe. Amid the 460 recorded “natural hazard events” worldwide, a succession of flash floods in northern India and Nepal emerged as the deadliest. These claimed the lives of more than 6000 people after a premature and exceptionally heavy monsoon season. However Germany bears the brunt of the expense as overflowing major rivers flooded southern and eastern Germany and spilled over into neighbouring countries in May and June. This rendered Germany with the majority of more than USD16 billion worth of damage.

Global: Ocean warming

A paradigm shift from historic to predictive risk assessment methods is necessary in the face of ocean warming while today's hazard probabilities become more and more ambiguous, says The Geneva Association.

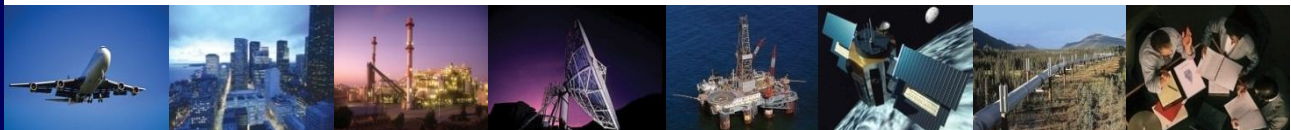
The Report cites three main drivers of change in loss potentials: (i) greater volumes of water as a result of the melting of ice shelves and glaciers are leading to greater risks; (ii) drier regions are getting dry and wetter areas more water leading to higher potential for more intense extreme events and (iii) the unknown effects on large-scale climate phenomena.

Global : Insurers' investment income ‘dropping quickly’

Low interest rates are hitting insurers hard as bonds mature, and regulators are not keeping up with the new investment environment, said Michael Morrissey, president and CEO of the International Insurance Society (IIS). Speaking at “Insurance China 2013” on 16th July in Shanghai, Morrissey spoke about a dramatic decline in investment income from traditional sources for insurers, which will get much worse if interest rates remain historically low.

Global : G20 requires big insurers to hold more capital

Top insurers will have to hold more capital from 2019 to cover risks they pose to the financial system should they go bust, global regulators have said recently. The global regulators believe that insurance industry is similar to banking sector, causing Financial Crisis. The reform was called for by world leaders in the Group of 20 top economies (G20), who have already approved a similar regime for 28 of the world’s top banks, also by 2019. The G20 argues that the insurance sector poses just the same sort of potential systemic risks as do the banks. Under the plans set out by the International Association of Insurance Supervisors (IAIS), insurers will be subject to tougher supervision and will have to show by 2015 how they can be wound up smoothly in a crisis, without relying on tax payer bailouts.





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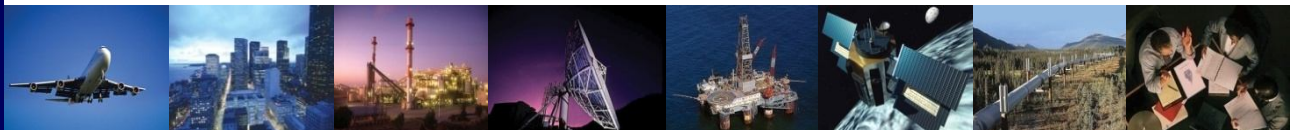
U. K. - Airlines keep 787 flying

Airlines are keeping Boeing's 787 Dreamliner flying, and are sticking with their orders for the new jet as safety investigators look for what sparked a fire in one of the planes while it was parked at London's Heathrow Airport. The fire caused extensive heat damage to the rear fuselage, sent smoke throughout the cabin and scorched the outer hull, according to Britain's Air Accidents Investigation Branch, which is leading the probe. The AAIB said there appeared to be no connection between the latest fire and lithium-ion batteries that burned on two 787s in January, prompting regulators to ground the fleet for 3-1/2 months. Recent fire aboard the Ethiopian Airlines jet has raised concerns about a possible problem in the plane's complex electrical system, which analysts said could be a concern for investors.

U. S. - Corporates should carry ample Liability Coverage

Hazardous chemical operations should carry insurance for a worst-case scenario, an industry consultant has testified before Congress in outlining a host of critical issues exposed by the West Fertilizer plant explosion in April 2013. Amongst the problems is that while West Fertilizer had US \$1 million in Liability Insurance, the cost of the disaster could reach as high as US\$ 230 million, according to Rafael Moure-Eraso, chairman of the U.S. Chemical Safety Board (CSB). This is an unimaginable blow to a town of just 2,800 residents—more than US\$ 80,000 for each resident living in West Texas. The Insurance Council of Texas estimates the insured property losses at about US\$ 100 million. That figure includes estimated insurance payments for the plant, 140 homes, an apartment complex, a middle school and a retirement centre.

Among the most immediate lessons from the West Fertilizer explosion are for Environmental Protection Agency to make sure major recognized hazards are 1) included in the programmes designed to address them, 2) subject to safer alternatives analysis by the corporates that hold them, 3) covered by appropriate lists and thresholds, and by the general duty to operate safely.





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REINSURANCE

Aviva, Allianz and AXA on 'too-big-to-fail' list

The Financial Stability Board (FSB) has published its list of nine international insurers whose failure would pose systemic risk to the global financial system. The list, derived from methodology from the International Association of Insurance Supervisors (IAIS), comprises (i) Allianz, (ii) American International Group, (iii) Assicurazioni Generali, (iv) Aviva, (v) AXA, (vi) MetLife, (vii) Ping An Insurance Company of China, (viii) US non-life insurer Prudential Financial and (ix) UK life insurer Prudential plc.

Insurers given severe weather warning

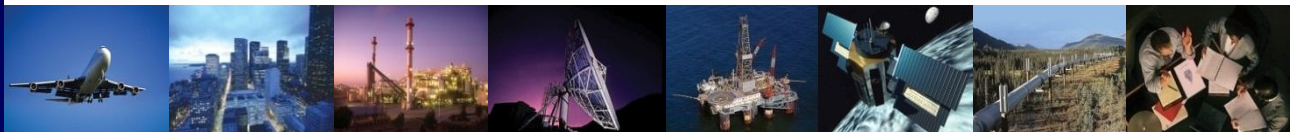
The global insurance industry's own analysts warn that it faces potentially serious financial losses unless it plays an active role in urging Governments to address climate-change factors such as greenhouse gas emissions. The Geneva Association, a leading international insurance thinktank that examines trends in the global insurance industry, has published a Report recently that identifies "a significant upward trend in the insured losses caused by extreme weather events. The Report, "**Warming of the Oceans and Implications for the Reinsurance Industry**", says the world's oceans have been warming significantly as the result of rising greenhouse gas emissions – and it is this warming that is the key driver of global extreme events.

Industry rapidly adopting 'Touchstone'

AIR Worldwide is positioning its new catastrophe modeling platform, Touchstone, as a keystone tool for the insurance marketplace. Touchstone was launched in January 2013 with the promise of helping users harness a deep dive into their exposure and enterprise-wide loss potential. The programme features modules for improving data quality, understanding hazards at specific locations, using mapping techniques to perform analytics for un-modeled geographical areas, and performing speedy loss analysis.

Asia's demographic shifts

The tremendous demographic shifts taking place in Asia will change the profile not only of the region, but also of the entire global market, said Mr. Rade Musulin, COO of Aon Benfield Analytics Asia Pacific, at recent 11th Asia CAT Insurance Conference in Taipei. The 11th Conference on Catastrophe Insurance in Asia was organised by Asia Insurance Review and sponsored by Aon Benfield, Swiss Re and Terra Seismic.



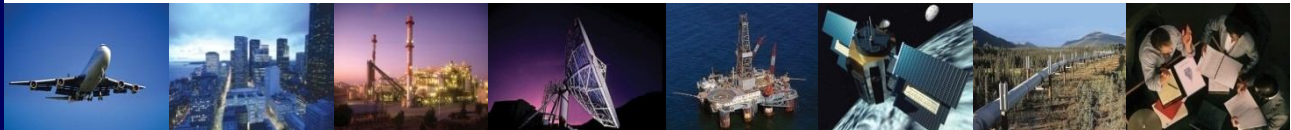


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10 GREAT QUOTES

Even eagles need a push. Inspiration gets us going. Many a times, a line boosts our confidence. So we give a bunch of inspirational quotes.

1. Making your mark on the world is hard. If it were easy, everybody would do it. But it's not. It takes patience, it takes commitment, and it comes with plenty of failure along the way. The real test is not whether you avoid this failure, because you won't. It's whether you let it harden or shame you into inaction, or whether you learn from it; whether you choose to persevere.
- Barack Obama
2. Smile.
- Dale Carnegie
3. If I have seen further, it is by standing on the shoulders of giants.
- Isaac Newton
4. Lots of folks confuse bad management with destiny.
- Kin Hubbard
5. Management is doing things right; leadership is doing the right things.
- Peter F. Drucker
6. Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.
- Stephen Covey
7. Stay hungry, stay foolish.
- Steve Jobs. CEO of Apple (on what it is that keeps him motivated)
8. Obstacles are what you see when you take your eyes off the goal.
- Vince Lombardi
9. When a management team with a reputation for brilliance tackles a business with a reputation for bad economics, it is the reputation of the business that remains intact.
- Warren Buffett
10. Time is what we want most, but what we use worst.
- William Penn





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HEALTH IS WEALTH

10 tips to choose right Health Insurance

- 1) Make an informed decision about the type of Health Insurance.
- 2) Choose the right Sum to be Insured.
- 3) Check the empanelled hospitals.
- 4) Understand the premium calculation process.
- 5) Read the fine print.
- 6) Have comparison of Insurance Policy Coverages.
- 7) Check on flexibility of the Policy.
- 8) Check on no-claim bonus or discount.
- 9) Choose your insurer wisely.
- 10) Plan for future needs.





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